STATE OF WASHINGTON

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

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May 30, 2003

Thomas M. Sykes, Legislative Auditor
Washington State Joint Legislative Audit and Review Committee
506 16th Ave. S.E.
Olympia WA 98501-2323

RE: Comments on Preliminary Draft of JLARC Review of Pipeline Safety Office

The Washington Utilities and Transportation Commission (WUTC) welcomes this opportunity to respond to the Joint Legislative Audit and Review Committee's (JLARC) recommendations contained in its preliminary report – *Oversight and Review of Washington's Pipeline Safety Office*.

The WUTC's Pipeline Safety Program is not quite three years old. Yet as noted in the JLARC preliminary report:

> The WUTC has established the initial stages of a more complex pipeline regulatory program; hired experienced and quality staff; accelerated staff training; improved program planning, and developed a comprehensive record system and databases. Completed inspections are at an historic high, and those inspections are more thorough and intense.

We are proud of what the Pipeline Safety Program has accomplished since it was expanded in 2000. However, as noted by the report, the WUTC program is still developing and doing so during a period of dynamic change to how oversight of pipelines in this country is conducted.

We welcome the recommendations of the JLARC study team and are committed to incorporating the suggested changes into how Washington State's pipeline safety program accomplishes its mission.

Response to Report Recommendations

Recommendation #1	Agency Position
Focus on risk.	Concur

The WUTC is looking to the future and developing program strategies that approach risk in several ways. We recently adopted a risk assessment prioritization (RAP) process to deploy our inspection resources most effectively for intrastate inspections. Using this process we analyze information gathered from safety audits, complaints, investigations, rate cases, and industry and federal government sources. We then use the RAP to establish an inspection priority list of intrastate operators and inspection units to ensure resources are assigned where the greatest effect on improvement in pipeline safety and environmental issues can occur.

The RAP method establishes an inspection prioritization based on factors such as:

- The length of time since the last inspection
- History of the operator
- Number of pipeline leaks
- Leaks per mile of main and number of services
- Unaccounted for gas
- Type of pipeline materials in use
- Incidents
- Compliance history
- Construction activity
- Inspectors judgment

The integration of risk into the state pipeline safety program can be accomplished where it falls within the guidelines established for us by the Federal Department of Transportation, Office of Pipeline Safety (OPS). All decisions for priority and frequency of interstate inspection are determined through the OPS. Therefore, the WUTC does not have the same flexibility in setting safety standards, determining the method used for the inspection, or determining frequency of the standard inspection.

The WUTC agrees with the statement by Accufacts that traditional strategies for managing pipeline safety risk focused on obvious risks, but failed to address the root cause of accidents. The WUTC pipeline safety program does identify the potential of risk through regulatory reporting of safety-related conditions. These incident indicators reveal inadequacies in company prevention planning and provide important learning opportunities, as well as indicate the quality of an operator's safety program. A company's management commitments, recorded indicators, and level of expertise are a few examples of additional factors that could fully capture sources of potential risk. The WUTC is exploring ways to incorporate these factors into the current reporting requirements.

The foundation to managing risk is a strong information base. The state pipeline safety program maintains a database of incidents that documents the cause of incidents and categories them by cause. The information for the database is derived from comprehensive

investigations and reports from pipeline operators. In most incidents, there are several contributing factors that when combined, result in a pattern that can be recognized as indicators for future failures. It is important to control these factors, which makes reporting by operators critical. The WUTC is identifying the factors that will indicate a pattern of pipeline incidents and looks forward to working with industry, the federal Office of Pipeline Safety, the public, and other stakeholders to determine more effective ways to reduce risk.

Recommendation #2	Agency Position
Identify and integrate best practices.	Concur

The WUTC looks forward to learning more about new approaches to pipeline inspection from other state pipeline programs. We are an active participant in the National Association of Pipeline Safety Representatives (NAPSR), which is an association of state pipeline safety representatives who meet to share knowledge and expertise in the field of pipeline safety. NAPSR works closely with the federal Office of Pipeline Safety on reviewing inspection and enforcement procedures and experiences, revising or developing new safety regulations, and conducting training sessions, and involves the pipeline industry and related associations where appropriate. The WUTC has participated in a number of technical committees focused on development of better safety and management practices. The WUTC pipeline policy staff is actively involved in development of the new integrity management program, new operator qualifications regulation, and recent congressional improvements in the federal pipeline safety act.

Performance management is an important tool and of interest to communities. In January 2003 the WUTC sponsored a community workshop in Bellevue with the federal Office of Pipeline Safety to explore safety issues. Performance-based management was one of three featured topics. We designed the discussion to focus on the opportunity for the public to be able to evaluate individual operators, the performance of the industry, and performance of government regulators. The WUTC has developed additional performance measures beyond those reflected in the JLARC report. These are reported to the Governor's office every quarter and are reflected in the WUTC balanced scorecard. The workshop provided the OPS and WUTC valuable additional information on the kinds of measures of interest to the public and industry.

Recommendation #3	Agency Position
Integrate WUTC Mapping System with Related GIS Efforts.	Concur

Over the past two years, we have worked closely with other organizations as we worked to develop a pipeline geographical information system (GIS). Examples include:

- In an effort to understand what local governments were doing in this area, our GIS analyst spoke with 68 local government officials. These conversations included GIS professionals or managers at 14 counties and 15 cities.

- Our GIS plan is almost complete and includes information provided to us by 116 fire districts statewide that we surveyed.
- We have shared pipeline data with a number of city, county, state agencies and pipeline operators.
- We generated the pipeline maps used by the Office of the State Fire Marshall in incident response training they presented to local fire departments.

We have worked closely with state and local government agencies while developing our plan and will continue to do so. We share the study team's desire that we provide these important services as efficiently as possible.

The WUTC plans to incorporate more information about pipelines than the five other pipeline GIS programs[1] surveyed by JLARC's GIS consultant because we believe we need to do so to meet our statutory mandate to "meet the [pipeline information] needs of first responders"[2] as they have described them to us. We also believe additional GIS data will be required to appropriately implement the new system of pipeline safety management required by OPS rules called "integrity management."

In the six months since we met with the JLARC study team's GIS consultants, we have made considerable progress implementing a pipeline GIS to support first responders, local governments, and our own inspection program.

The GIS software we have selected will allow us to share GIS data in any format needed by other organizations. It also supports importing other organization's data for use in our GIS.

We plan to provide pipeline-related GIS information in the form that is most useful to the recipients. For jurisdictions that have a fully functioning GIS capability, we will give them the pipeline-related GIS data they need. In turn they can meet the pipeline-related GIS needs of their organizations. For jurisdictions that do not have GIS capability, we will provide pipeline GIS in forms they can best use.

This summer we will complete most of the first phase of our plan, which focuses on developing internal processes needed to ensure efficient, reliable, and secure management of the GIS data we have collected. This fall we will begin to develop the various tools we will need to deliver GIS products and data to local governments.

Recommendation #4	Agency Position
Align fees and workload.	Partially Concur

The WUTC agrees that until we have had further experience with the new comprehensive program, the fee methodology should be based on actual staff time and the per-day amount for standard inspections should be revised to reflect actual cost.

[1] GeoEngineers surveyed the pipeline GIS programs operated by California, Louisiana, Texas, Virginia and the OPS.
[2] RCW 81.88.080(1)

We have applied actual time to determine the 2003/2004 pipeline safety fees and have found the percentage-split between interstate and intrastate to be greater than the JLARC proposed 31/69 split. The JLARC split does not include four months of staff time related to inspections and it does not include time spent on policy work directly related to interstate and intrastate safety, citizen committee staffing and meetings, and other related activities.

Sincerely,

Carole J. Washburn
Executive Secretary

cc: Marty Brown, Office of Financial Management
Carol Jolly, Office of Financial Management